

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: Coloma City - Coloma Charter Township Joint Cemetery	County Berrien
Audit Date March 31, 2006	Opinion Date May 9, 2006	Date Accountant Report Submitted To State: July 11, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 511 Renaissance Drive, Suite 120	City St. Joseph	State MI	ZIP 49085
Accountant Signature 			

Coloma City - Coloma Charter Township Joint Cemetery

Financial Report

March 31, 2006

Coloma City - Coloma Charter Township Joint Cemetery

Contents

Report Letter	I
Management's Discussion and Analysis	2-4
Basic Financial Statements - Government-wide/Governmental Fund	
Governmental Fund Balance Sheet/Statement of Net Assets	5
Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities	6
Budgetary Comparison Schedule - General Fund	7
Notes to Financial Statements	8-12



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Independent Auditor's Report

To the Coloma Cemetery Board
Coloma City - Coloma Charter Township
Joint Cemetery
Coloma, Michigan

We have audited the accompanying basic financial statements of the Coloma City - Coloma Charter Township Joint Cemetery as of and for the year ended March 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Coloma City - Coloma Charter Township Joint Cemetery's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Coloma City - Coloma Charter Township Joint Cemetery as of March 31, 2006 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

May 9, 2006

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Coloma City - Coloma Charter Township Joint Cemetery

Management's Discussion and Analysis

Our discussion and analysis of the Coloma City - Coloma Charter Township Joint Cemetery board's financial performance provides an overview of the Cemetery's financial activities for the fiscal year ended March 31, 2006.

Financial Highlights

As discussed in further detail in the discussion and analysis, the following represents the most significant financial highlight for the year ended March 31, 2006:

- The Cemetery's total net assets increased by \$15,491. A significant increase in burial fee income is the major contributor to the net asset increase.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Cemetery as a whole and present a longer-term view of the Cemetery's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year.

The fund financial statements present a short-term view; they tell us how the Cemetery's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Cemetery's operations in more detail.

The Cemetery as a Whole

The following table shows, in a comparative, condensed format, the net assets as of March 31, 2006 and 2005:

	2006	2005
Assets - Current assets	\$ 37,330	\$ 19,293
Liabilities		
Current liabilities	3,107	1,163
Compensated absences	12,265	11,663
Total liabilities	15,372	12,826
Net Assets - Unrestricted	<u>\$ 21,958</u>	<u>\$ 6,467</u>

Coloma City - Coloma Charter Township Joint Cemetery

Management's Discussion and Analysis (Continued)

The following table shows, in a comparative, condensed format, the changes in net assets during the years ended March 31:

	2006	2005
Revenue		
Local unit contributions	\$ 55,110	\$ 55,109
Charges for services	30,871	22,561
Miscellaneous	882	381
Total revenue	86,863	78,051
Expenditures	71,372	101,096
Excess of Revenue Over (Under) Expenditures	\$ 15,491	\$ (23,045)

Cemetery Activities

- The Cemetery spent approximately \$550 on equipment.
- The Cemetery expansion project is scheduled to begin in one to two years. No major expenses are anticipated until that time.

Fund Budgetary Highlights

The General Fund pays for the Cemetery's debts.

As shown in the budgetary comparison schedule - General Fund, the Cemetery originally budgeted operational expenditures of \$93,820. During the course of the year, actual expenditures totaled \$70,770. Actual operating results ended up as a surplus of \$16,093. The significant budget to actual differences were a result of the following:

- Income from burial fees was \$2,600 less than budget.
- The board budgeted various expenditures, including repairs and maintenance, personnel, and capital outlay expenditures, related to the planned cemetery expansion, that did not occur during the fiscal year.
- A budgeted capital improvement reimbursement did not occur because \$4,000 of budgeted capital outlay did not happen.

Economic Factors and Next Year's Budgets and Rates

Due to the unforeseen and the inability to estimate the number of burials each year, this amount cannot be estimated with any accuracy. The cemetery board has adopted a conservative budget that retains the current fund balance but also facilitates priorities and quality services.

Coloma City - Coloma Charter Township Joint Cemetery

Management's Discussion and Analysis (Continued)

Contacting the Cemetery's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Cemetery's finances and to show the Cemetery's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the cemetery manager's office.

Coloma City - Coloma Charter Township Joint Cemetery

Governmental Fund Balance Sheet/Statement of Net Assets March 31, 2006

	General Fund - Modified Accrual Basis	Adjustments (Note 2)	Statement of Net Assets
Assets - Cash (Note 4)	<u>\$ 37,330</u>	\$ -	\$ 37,330
Liabilities			
Accounts payable and accrued liabilities	\$ 3,107	-	3,107
Long-term liabilities - Accumulated employee benefits (Note 5)	<u>-</u>	<u>12,265</u>	<u>12,265</u>
Total liabilities	3,107	12,265	15,372
Fund Balance/Net Assets			
Fund balance - Unreserved - Undesignated	<u>34,223</u>	<u>(34,223)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 37,330</u>	<u>(21,958)</u>	<u>15,372</u>
Net assets - Unrestricted		<u>\$ 21,958</u>	<u>\$ 21,958</u>

Coloma City - Coloma Charter Township Joint Cemetery

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities Year Ended March 31, 2006

	General Fund - Modified Accrual Basis	Adjustments (Note 2)	Statement of Activities
Revenue			
Local unit contributions	\$ 55,110	\$ -	\$ 55,110
Charges for services	30,871	-	30,871
Miscellaneous	882	-	882
Total revenue	86,863	-	86,863
Expenditures			
Personnel	56,723	602	57,325
Professional services	3,250	-	3,250
Gas and oil	1,266	-	1,266
Supplies	2,694	-	2,694
Utilities	3,815	-	3,815
Repairs and maintenance	130	-	130
Board fees	780	-	780
Insurance	1,665	-	1,665
Miscellaneous	447	-	447
Total expenditures	70,770	602	71,372
Excess of Revenue Over Expenditures	16,093	(602)	15,491
Fund Balance/Net Assets - April 1, 2005	18,130	(11,663)	6,467
Fund Balance/Net Assets - March 31, 2006	<u>\$ 34,223</u>	<u>\$ (12,265)</u>	<u>\$ 21,958</u>

Coloma City - Coloma Charter Township Joint Cemetery

Budgetary Comparison Schedule - General Fund Year Ended March 31, 2006

	Original and Amended Budget	Actual	Variance with Budget
Revenue			
Local unit contributions	\$ 55,110	\$ 55,110	\$ -
Charges for services	33,460	30,871	(2,589)
Capital improvement reimbursement	5,000	-	(5,000)
Miscellaneous	250	882	632
Total revenue	93,820	86,863	(6,957)
Expenditures			
Personnel	64,770	56,723	8,047
Professional services	3,250	3,250	-
Gas and oil	2,500	1,266	1,234
Supplies	3,200	2,694	506
Utilities	3,450	3,815	(365)
Repairs and maintenance	8,400	130	8,270
Capital outlay	4,000	-	4,000
Board fees	1,100	780	320
Insurance	3,050	1,665	1,385
Advertising	100	-	100
Miscellaneous	-	447	(447)
Total expenditures	93,820	70,770	23,050
Excess of Revenue Over Expenditures	-	16,093	16,093
Fund Balance - April 1, 2005	18,130	18,130	-
Fund Balance - March 31, 2006	<u>\$ 18,130</u>	<u>\$ 34,223</u>	<u>\$ 16,093</u>

Coloma City - Coloma Charter Township Joint Cemetery

Notes to Financial Statements March 31, 2006

Note I - Nature of Organization and Summary of Significant Accounting Policies

The Coloma City - Coloma Charter Township Joint Cemetery (the "Cemetery") is located in the City of Coloma, Michigan and is governed by an elected five-member board. The Cemetery is funded primarily through contributions from the City of Coloma and Coloma Charter Township, as well as lot sales and grave opening fees. Revenue is used to operate and staff the Cemetery. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The Cemetery is a joint venture between the City of Coloma and Coloma Charter Township.

The accounting policies of the Cemetery conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Cemetery's basic financial statements include both government-wide (reporting the Cemetery as a whole) and fund financial statements (reporting the Cemetery's major fund).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cemetery's net assets are reported as unrestricted net assets.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cemetery considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Coloma City - Coloma Charter Township Joint Cemetery

Notes to Financial Statements March 31, 2006

Note I - Nature of Organization and Summary of Significant Accounting Policies (Continued)

The Cemetery reports only one major governmental fund - the General Fund.

Financial Statement Amounts

Capital Assets - Capital assets acquired by the Coloma City - Coloma Charter Township Joint Cemetery are the property of the respective governmental units of the Cemetery. These assets are accounted for in the capital assets of each local unit involved based on their proportionate ownership in the Cemetery.

Long-term Obligations - In the government-wide financial statements, compensated absences are reported as a liability in the General Fund. In the fund financial statements, compensated absences are not reported.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

Coloma City - Coloma Charter Township Joint Cemetery

Notes to Financial Statements March 31, 2006

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Cemetery's governmental fund differ from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the statement of the governmental fund balance sheet and statement of revenue, expenditures, and changes in fund balances. The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 34,223
Amounts reported in the statement of net assets are different because compensated absences are included as a liability	<u>(12,265)</u>
Total Net Assets - Full Accrual Basis	<u>\$ 21,958</u>
Net Change in Fund Balances - Modified Accrual Basis	\$ 16,093
Amounts reported in the statement of activities are different because an increase in the accrual for long-term compensated absences is reported as an expenditure in the statement of activities, but not in the fund financial statements	<u>(602)</u>
Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 15,491</u>

Note 3 - Budget Information

The annual budget is prepared by the cemetery treasurer/secretary and adopted by the cemetery board; subsequent amendments are approved by the cemetery board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

Coloma City - Coloma Charter Township Joint Cemetery

Notes to Financial Statements March 31, 2006

Note 3 - Budget Information

The budget has been adopted on a line item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. The budget as adopted is presented in these financial statements and includes expenditure budget overruns. The budget was not amended during the fiscal year.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Cemetery had no significant budget overruns.

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Cemetery has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Cemetery's deposits and investment policies are in accordance with statutory authority.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Cemetery's deposits may not be returned to it. The Cemetery does not have a deposit policy for custodial credit risk. At year end, the Cemetery had approximately \$37,330 of bank deposits (checking and savings accounts), all of which was covered by federal depository insurance.

Coloma City - Coloma Charter Township Joint Cemetery

Notes to Financial Statements March 31, 2006

Note 5 - Long-term Debt

Outstanding Debt

A summary of the debt outstanding of the Cemetery at March 31, 2006 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 11,663	\$ 602	\$ -	\$ 12,265

Note 6 - Risk Management

The Cemetery is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Cemetery participates in the Michigan Townships Participating Plan for all claims.

The Michigan Townships Participating Plan operates as an insurance purchasing pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.



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May 9, 2006

To the Coloma Cemetery Board
Coloma City - Coloma Charter Township
Joint Cemetery
Coloma, Michigan

In planning and performing our audit of the financial statements of the Coloma City - Coloma Charter Township Joint Cemetery for the year ended March 31, 2006, we considered the Cemetery's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Cemetery's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Some items below are considered to be reportable conditions.

Segregation of Duties

One individual is responsible for all steps in the cash disbursement process. We recommend that another board member review monthly bank reconciliations prepared by the treasurer in addition to receiving all bank statements directly from the bank. As an alternative, we recommend that the board require a second board member's signature on all checks as an added internal control.

Bank Reconciliations

During the audit of current year bank reconciliations, we noted that outstanding checklists and deposits-in-transit detail was not being printed with the monthly summary bank reconciliation from QuickBooks. We recommend that this detail information be printed with each monthly reconciliation and kept with the Cemetery records for proper documentation and support, as well as to assist with the annual audit.

QuickBooks

We recommend password protection to be added to the Cemetery's QuickBooks file to ensure data integrity and the prevention of possible errors.

May 9, 2006

Electronic Transfers

There was a bill passed and signed on December 31, 2002 (PA 738) that requires all local units of government to approve a resolution authorizing payments of "automated clearing house (ACH) transactions." Beginning immediately, a local unit's governing body must adopt a policy on ACH arrangement that includes all of the following:

- Designation of an individual as the party responsible for payment approval, accounting, reporting, and compliance with the ACH policy
- A statement that this individual is required to submit documentation as follows: describe the goods or services purchased, the cost, date of payment, and the department benefiting from the purchase
- A system of internal controls to monitor the use of ACH transactions
- The approval of ACH invoices before payment

Please feel free to contact us if you have any questions in developing the resolution.

Budget Variances

When comparing budgeted numbers to actual results for the fiscal year, we noted several variances between amounts budgeted and final actual expenditures. Since the budget process includes a great deal of estimating, it is not unusual for significant variances to develop. We recommend the Cemetery board monitor expenditures in the various funds and appropriately amend the budget to maintain compliance with state budget regulations. Budget amendments should be adopted before budget overages occur.

To assist you in your future budgeting efforts, following is a reminder of the requirements the Cemetery board must comply with as part of the Uniform Budgeting Act (P.A. 621):

- A budget must be adopted before the start of a new fiscal year.
- The budget must be balanced, including beginning fund balance.
- The budget must be amended when necessary (prior to year end).
- Public hearings must be held before the budget is adopted.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.
- The budget document must include revenue and expenditure data for the two years immediately preceding the budget year (i.e. for year ending March 31, 2006, data from the years ending March 31, 2004 and March 31, 2005 should be shown).

To the Coloma Cemetery Board
Coloma City - Coloma Charter Township
Joint Cemetery

3

May 9, 2006

We sincerely thank you and appreciate the courtesy and cooperation extended to us by you and the members of your organization during the audit. We appreciate the opportunity to present these recommendations for your consideration and will be pleased to discuss them further at your convenience.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Morse, PLLC